Power Mech Projects Limited

August 17, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term / Short-term bank facilities	RBI	2,900.00 (Enhanced from 2,600.00)	CARE A+; Stable / CARE A1	Reaffirmed
Long-term bank facilities	RBI	938.48 (Enhanced from 738.48)	CARE A+; Stable	Reaffirmed
Short-term bank facilities	RBI	80.00	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings of Power Mech Projects Limited (PMPL) factors in established operational track record of over two decades, robust & diversified order book with continuous order addition providing medium term revenue visibility, the satisfactory financial performance with consistent revenue growth and maintenance of debt coverage metrics. As of March 31, 2026, PMPL had a robust order book of ₹15,885 crore, providing revenue visibility for around three years. The order book is well-diversified across civil (47%), operations and maintenance (O&M; 23%), mechanical (15%), water pipeline projects (10%), and electrical, mine developer and operator (MDO) and other works (6%). PMPL has secured additional work orders of ₹7,210 crore in FY26, which are expected to support near-term revenue growth.

Apart from engineering, procurement and construction (EPC) operations, PMPL has forayed into MDO projects through its subsidiaries, KBP Mining Private Limited (rated CARE BBB+; Positive) and Kalyaneswari Tasra Mining Private Limited (rated CARE A-; Stable). MDO projects having long-term concession agreement projects with strong counterparties, mining fees per pre-determined price and higher margins are likely to augment the financials of PMPL. While there was a delay in commencement of MDO operations due to pending approvals; however, most approvals have now been received. Peak mining is expected from FY28 onwards. PMPL has also undertaken a road Hybrid Annuity Model (HAM) project on a design, build, operate and transfer (DBOT) basis which is expected to become operational from January 2028.

In FY26, consolidated total operating income (TOI) grew by ~16% to ₹6,062 crore (₹5,329 crore in FY25), driven by strong execution in civil and O&M segments. Profit before interest, lease, depreciation and tax (PBILDT) margin remained stable at 11.62% in FY26 (11.64% in FY25). There has been a change in business mix with addition of higher civil work, and with commencement of MDO orders, margins are expected to improve going forward.

Leverage and debt coverage have been comfortable. Total debt (TD) to PBILDT stood at 1.59x in FY26 (1.61x in FY25) and is expected to remain below 2x. Interest coverage stood at 6.09x for FY26 (6.44x for FY25).

Ratings continue to be constrained by rising working capital intensity, reflected in gross current asset (GCA) days of 268 days in FY26 (similar to 264 days) in FY25. The increase was mainly due to higher mobilisation advances to subcontractors and advances towards rehabilitation and resettlement (R&R) expenses for the Tasra and KBP Mining MDO projects. Collection days remained elevated at 165 days in FY26 (159 days in FY25), largely due to high unbilled revenue pending achievement of project milestones.

PMPL has also diversified from EPC to undertaking development projects. Thus, execution risks remain significant for projects undertaken as developer, including MDO projects, HAM projects, and renewable energy projects under KUSUM scheme. With respect to MDO projects, the mining activity has just commenced, and track record of successful execution shall be critical, given the uncertainties involved in the mining operation. This apart, sponsor obligation on these projects is also viewed as additional credit risk. There is expected increase in term debt in FY27 considering the development projects. Timely progress of such projects shall be important from growth perspective.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significantly growing revenue with PBILDT margin above 12%
- Improving GCA days to below 200 days on a sustained basis.

Negative factors

- Deteriorating TD/PBILDT to over 2x.
- Increasing GCA days to over 250 days on a sustained basis.
- Significantly lower-than-estimated revenue from MDO projects.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has analysed PMPL's credit profile, considering consolidated financial statements (comprising PMPL and its special purpose vehicles /joint ventures [SPVs/JVs]/associates) owing to financial and operational linkages between the parent and subsidiaries. However, the HAM project undertaken has been excluded from consolidation. Entities consolidated is listed under Annexure-5.

Outlook: Stable

The outlook on long-term rating is stable backed by favourable sector outlook, strong order book aiding healthy growth prospects and maintenance of healthy debt coverage metrics.

Detailed description of key rating drivers

Key strengths

Established track record of operations

PMPL has an operational track record of over 27 years in erection, testing and commissioning of boiler, turbine and generator (ETC-BTG), balance of plant (BoP), civil works, and O&M of power plants. It executed ETC-BTG works for the first two ultra-mega power projects (UMPPs) – Mundra and Sasan – and 19 other supercritical power projects across India. PMPL diversified into MDO projects with Steel Authority of India Limited (SAIL) (rated CARE AA; Stable / CARE A1+) and Central Coalfields Limited (CCL), a subsidiary of Coal India Limited (CARE AAA; Stable/CARE A1+). It also offers services in non-power sectors such as railways, transmission and distribution, petrochemicals, piping and electrical works, desalination plants, roads, water supply, and industrial building development. In FY26, PMPL also diversified into road HAM projects as a developer.

Comfortable order book position with geographical and segment-wise diversification

PMPL maintains a robust and diversified order book of ~₹15,885 crore as of March 31, 2026, ensuring revenue visibility for ~3 years. Order inflows remain robust, with new orders worth ~₹7,210 crore secured during FY26, providing strong revenue visibility and supporting future revenue streams.

Order mix is spread across civil (47%), O&M (23%), mechanical (15%), water pipeline projects (10%), and electrical, MDO and other works (6%). Projects are geographically well distributed across over 18 states in India, with major contributions from Telangana, Madhya Pradesh, Jharkhand, Uttar Pradesh, and Chhattisgarh. The diversified order book mitigates concentration risk and supports revenue visibility over the medium term.

The MDO business, under Kalyaneswari Tasra Mining Private Limited and KBP Mining Private Limited, has shown steady progress. There was a delay in commencement of MDO operations due to pending approvals; however, most approvals have now been received, and operations are expected to scale up going forward.

Robust financial performance in FY26

The company's revenue from operations increased by 16%, from ₹5,239 crore in FY25 to ₹6,062 crore in FY26 supported by healthy execution of its strong order book. The PBILDT margin remained stable at 11.62% in FY26 (11.64% in FY25). The company has generated healthy net cash accruals of ₹476 crore.

Going forward, EPC margins are expected to remain ~11%, while overall margins are projected to improve gradually to 13-14% in the medium term, driven by an increasing revenue contribution from the high-margin MDO and O&M segments.

Comfortable leverage and debt coverage
PMPL has a comfortable capital structure with a strong net worth base supported by equity raised in the past. Total outside liabilities to tangible net worth (TOL/TNW) while increased marginally from 1.12x as on March 31, 2025, to 1.16x as on March 31, 2026, has remained satisfactory. TD/PBILDT stood at 1.59x for FY26, broadly in line with 1.61x for FY25. Going forward, debt levels are expected to increase with additional borrowings for MDO projects and coal washery installation. While this may moderately weaken leverage indicators, CareEdge Ratings expects TD/PBILDT to remain below 2.0x in the near-to-medium term.

Government thrust on infrastructure segment
India's construction and infrastructure sector continues to benefit from the government's sustained focus on capital expenditure. The Union Budget 2026-27 has allocated public capital expenditure of ~₹12.2 trillion, equivalent to ~3.1% of GDP, compared to ₹11.2 trillion in the previous year's budget estimate. Allocations remain sizeable across roads, railways, urban infrastructure, water, power and renewable energy. This is expected to support a healthy project pipeline and create growth opportunities for diversified EPC players such as PMPL. However, project-award timelines, execution efficiency, competitive intensity, working-capital management and volatility in input costs will remain key monitorable.

Key weaknesses

Project execution risk related to MDO projects and
PMPL is executing two MDO projects; one for CCL and another for SAIL. Being a new entrant in coal mining, PMPL faces execution risks associated with these projects, which require continuous capital expenditure during the concession period. Timely ramp-up of coal volumes per approved mining plan will be critical to mitigate cash flow risk and support growth. Comfort is derived from agreements with strong counterparties, ensuring firm revenue based on predetermined prices. Clauses for damages on lower off-take partially mitigate volume risk. Apart from MDO projects, the company has taken up HAM projects, renewable energy projects under the KUSUM scheme, and balance of EPC works of Thermal Power Project at Mancherial, Telangana. Sponsor obligation on these projects is viewed as additional credit risk. Timely progress of such projects shall be important from growth perspective. Completion within estimated costs remains a key rating factor.

Working capital intensive operations
The company's operations remain working capital intensive. The collection period remained almost at similar level of FY25, at 165 days in FY26 (159 days in FY25). The collection days remained elevated mainly due to high unbilled revenue, with project progress pending achievement of milestones.

The GCA days also remained high at 268 days in FY26 (264 days in FY25), considering high Mob advances to sub-contractors, advances towards rehabilitation and resettlement (R&R) expenses for the Tasra and KBP Mining MDO projects.

Going forward, working capital cycle is expected to improve gradually in the near term, supported by scaling up of operations, milestone achievement in ongoing projects, and execution of relatively less working capital intensive orders.

Presence in a highly fragmented and competitive construction industry
PMPL operates in a highly competitive construction industry, where projects are awarded based on bidder experience, financial capability, and competitive pricing. Presence of numerous small and medium players leads to aggressive bidding, exerting pressure on margins. However, PMPL's extensive experience, long-standing track record, and strong client relationships provide a competitive edge.

Liquidity: Adequate
PMPL's liquidity position remains adequate to strong, supported by gross cash accruals of ₹480 crore in FY26 against scheduled debt repayments of ₹131 crore in FY27, reflecting comfortable debt servicing coverage. Average utilisation of fund-based working capital limits stood at ~86% and non-fund-based limits at 76% for 12 months ended June 2026. The company also maintained a free cash balance of ₹107 crore as on March 31, 2026.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Environment
The company operates in power, civil, and mining segments, which pose environmental risks in project execution. To mitigate these risks, PMPL prioritises environmental compliance and aligns its practices with global standards. Saplings are planted near all work sites to offset environmental impact, and the company follows a strict policy of near-total avoidance of plastic materials

at sites. PMPL limits wastage and ensures safe disposal, with scrap materials collected for recycling and plastic waste disposed of safely.

Social

On the social front, PMPL engages with local communities and involves them in its programmes. The company remains committed to worker safety through strict adherence to safety protocols. Going forward, PMPL plans to strengthen its ESG framework by enhancing waste management systems and increasing community engagement, which is expected to reduce operational risks and improve compliance in the medium term.

Governance

PMPL has a well-defined board structure, with 50% of independent directors, and established internal controls.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Construction Sector
Infrastructure Sector Ratings
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

Incorporated in 1999, PMPL is a Hyderabad-based company promoted by Sajja Kishore Babu (Chairman and Managing Director) and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The company is primarily engaged in providing engineering and construction services with focus on power and infrastructure sector. PMPL has diversified its operations across a range of sectors such as railways, transmission & distribution (electrical), flue gas desulfurisation (FGD), mining, steel and process industry refinery, hydro projects, manufacturing, cross country pipe laying civil works, and O&M of power plants, among others. PMPL has executed major projects across India for clients such as BHEL, NTPC Limited, independent power producers (IPPs), and state generation utilities. The company also has presence in the Middle East, South Asia and Africa through subsidiaries, and joint ventures.

Brief Financials (Consolidated) (₹ crore)	March 31, 2025 (A)	March 31, 2026 (Abg.)
Total operating income	5,239	6,062
PBILDT*	610	705
Profit after tax (PAT)	348	412
Overall gearing (x)	0.45	0.43
Interest coverage (x)	6.44	6.09

A: Audited; Abg.: Abridged; NA: Not Available; Note: these are latest available financial results
PBILDT: Profit before interest, lease, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	RBI	Simple	-		-	30-09-2029	68.48	CARE A+; Stable
Fund-based - LT-Working Capital Demand loan	RBI	Simple	-		-	-	36.50	CARE A+; Stable
Fund-based - LT-Working Capital Limits	RBI	Simple	-		-	-	833.50	CARE A+; Stable
Fund-based - ST-Bill Discounting/ Bills Purchasing	RBI	Simple	-		-	-	80.00	CARE A1
Non-fund-based - LT/ ST-BG/LC	RBI	Simple	-		-	-	2582.50	CARE A+; Stable / CARE A1
Non-fund-based - LT/ ST-BG/LC	RBI	Simple	-		-	-	317.50	CARE A+; Stable / CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT-Working Capital Limits	LT	833.50	CARE A+; Stable	-	1)CARE A+; Stable (18-Dec-25)	1)CARE A+; Stable (08-Jan-25)	1)CARE A; Positive (20-Sep-23)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
							2)CARE A+; Stable (05-Apr-24)	
2	Fund-based - LT-Working Capital Demand loan	LT	36.50	CARE A+; Stable	-	1)CARE A+; Stable (18-Dec-25)	1)CARE A+; Stable (08-Jan-25) 2)CARE A+; Stable (05-Apr-24)	1)CARE A; Positive (20-Sep-23)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	2582.50	CARE A+; Stable / CARE A1	-	1)CARE A+; Stable / CARE A1 (18-Dec-25)	1)CARE A+; Stable / CARE A1 (08-Jan-25) 2)CARE A+; Stable / CARE A1 (05-Apr-24)	1)CARE A; Positive / CARE A1 (20-Sep-23)
4	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	80.00	CARE A1	-	1)CARE A1 (18-Dec-25)	1)CARE A1 (08-Jan-25) 2)CARE A1 (05-Apr-24)	1)CARE A1 (20-Sep-23)
5	Non-fund-based - LT/ ST-BG/LC	LT/ST	317.50	CARE A+; Stable / CARE A1	-	1)CARE A+; Stable / CARE A1 (18-Dec-25)	1)CARE A+; Stable / CARE A1 (08-Jan-25) 2)CARE A+; Stable / CARE A1 (05-Apr-24)	1)CARE A; Positive / CARE A1 (20-Sep-23)
6	Fund-based - LT-Term Loan	LT	68.48	CARE A+; Stable	-	1)CARE A+; Stable (18-Dec-25)	1)CARE A+; Stable (08-Jan-25)	1)CARE A; Positive (20-Sep-23)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
							2)CARE A+; Stable (05-Apr-24)	

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please [click here]()

Annexure-5: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Hydro Magus Private Limited (India)	88	Subsidiary
2	Power Mech Industri Private Limited (India)	100	Subsidiary
3	Power Mech BSCPL Consortium Private Limited (India)	51	Subsidiary
4	Power Mech SSA Structures Private Ltd (India)	100	Subsidiary
5	Aashm Avenues Private Ltd (India)	100	Subsidiary
6	Power Mech Environmental Protection Private Ltd (India)	100	Subsidiary
7	Energy Advisory and Consulting Services Private Limited (India)	100	Subsidiary
8	KBP Mining Private Limited (India)	76	Subsidiary
9	Kalyaneswari Tasra Mining Private Limited (India)	74	Subsidiary
10	PMTS Private Limited (India)	100	Subsidiary
11	Vanshika Mining Works LLP (India)	51	Subsidiary
12	Velocity Mining Works LLP (India)	51	Subsidiary
13	Vindyavasini Mining Works LLP (India)	51	Subsidiary
14	Kailash River bed Minerals LLP (India)	51	Subsidiary
15	Power Mech Projects Limited LLC (Oman)	70	Subsidiary
16	Power Mech Projects (BR) FZE (Nigeria)	100	Subsidiary
17	M/s. PMPL –M/s. ACPL JV (India)	80	Joint Venture
18	Power Mech-Khilari Consortium JV (India)	75	Joint Venture
19	PMPL-STS JV (India)	74	Joint Venture
20	PMPL-SRC Infra JV – Mizoram (India)	74	Joint Venture
21	PMPL-SRC Infra JV – Hassan (India)	60	Joint Venture
22	PMPL-BRCC Infra JV (India)	70	Joint Venture
23	PMPL -KVRECPL Consortium JV (India)	82	Joint Venture
24	Rites-PMPL JV (India)	51	Joint Venture
25	SCPL-PMPL JV (India)	20	Joint Venture
26	M/s. Power Mech- M/s. Taikisha JV (India)	66	Joint Venture
27	PMPL – PIA JV (India)	79	Joint Venture
28	PMPL-RSVCPL JV (India)	75	Joint Venture

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
29	PMPL-Upper Burhner JV (India)	60	Joint Venture
30	GTA Power Mech Nigeria Limited (Nigeria)	50	Joint Venture
31	GTA Power Mech DMCC (Dubai)	50	Joint Venture
32	MAS Power Mech Arabia (Saudi Arabia)	49	Associate
33	Power Mech LLC Qatar (Qatar)	49	Associate
34	POWER MECH - KMV JV	70	Joint Venture
35	Power Mech Arabia Contracting Company	76	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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